

United States House of Representatives



**Subcommittee on National Security,
Emerging Threats and International Relations**

Christopher Shays, Connecticut
Chairman

B-372 Rayburn House Office Bldg.
Washington, D.C. 20515
Phone: 202-225-2548
Fax: 202-225-2382

****MEDIA ADVISORY****

For Immediate Release
April 14, 2004

Contact: Robert Briggs

**Shays to Hold April 21 Hearing on the Iraq Oil-for-Food Program;
British Advisor to Iraq Governing Council, Claude Hanks-Drielsma, to Testify.**

(Washington, DC) -- Congressman Christopher Shays (R-CT), Chairman of the Subcommittee on National Security, Emerging Threats, and International Relations, will convene an oversight hearing to examine the Iraq Oil-for-Food Program and steps being taken to correct apparent abuses of the UN-run humanitarian effort. The Wednesday, April 21, 2004 hearing will convene at 10:00 am in room 210 of the Cannon House Building in Washington, D.C.

Witnesses will include the advisor to the Iraq Governing Council, Claude Hanks-Drielsma, Chairman of Roland Berger, Strategy Consultants. Mr. Hanks-Drielsma is expected to testify about alleged abuses of the Oil-for-Food Program and possible violations of UN sanctions by member states. Other witnesses will include representatives from the Departments of State, Defense, and Treasury, as well as expert witnesses from the Middle East Media Research Institute, Heritage Foundation, Foundation for the Defense of Democracies, and Columbia University.

As a member of the UN, the United States was involved in overseeing the program. US diplomats were aware of allegations Iraqis manipulated the program to evade sanctions and enrich the Saddam Hussein regime. However, despite some effort on the part of the US and others, corruption of the program persisted and grew.

The General Accounting Office (GAO) recently estimated that "the former Iraqi regime attained \$10.1 billion illegal revenues from the Oil for Food program, including \$5.7 billion in oil smuggled out of Iraq and \$4.4 billion through surcharges on oil sales and illicit commissions from suppliers exporting goods to Iraq." The Defense Contract Audit Agency recently concluded half of at least 368 of 759 contracts examined were

overpriced by at least 5% of the contract value, and some of the monies were used to purchase questionable goods, including a fleet of Mercedes-Benz automobiles.

Authorized in 1995 by UN Resolution 986 with the support of the US, the Oil-for-Food Program began operations in 1996 and finished in late 2003. During the life of the program there were allegations of Iraqi authorities corrupting the program. Since the end of the program, a number of alleged abuses have come to light, including Iraqi-run schemes to sell vouchers to participate in the program, place surcharges on oil sales, increase port and other service fees, and require kickbacks from suppliers of authorized goods. In addition, allegations of negligence and misconduct have been made against UN personnel.

“An institution as important to the United States and the world as the United Nations should do everything possible to remove the stain this program may leave on its reputation,” Shays added. “It’s quite possible the UN will be called upon to act as the trusted receiver of another failed state. As a permanent member of the Security Council, we should help ensure the UN is up to the task.”

Since these allegations surfaced, the Iraqi Governing Council (IGC) has retained the services of two prominent firms to conduct an investigation. The UN Office of Internal Oversight Services (OIOS) has opened an investigation into alleged misconduct by UN personnel and the UN Secretary General has promised an independent investigation into all allegations. In addition, several contracts begun under the program have been renegotiated or effectively cancelled.

United States House of Representatives



**Subcommittee on National Security,
Emerging Threats and International Relations**

Christopher Shays, Connecticut
Chairman

B-372 Rayburn House Office Bldg.
Washington, D.C. 20515
Phone: 202-225-2548
Fax: 202-225-2382

“The Iraq Oil-for-Food Program: Starving for Accountability”
(April 21, 2004)

WITNESS LIST

PANEL ONE

The Hon. John D. Negroponte
United States Representative to the United
Nations
U.S. Mission to the United Nations
U.S. Department of State

The Hon. Robin L. Raphel
Coordinator
Office of Iraq Reconstruction
U.S. Department of State

Accompanied by:

The Hon. Patrick F. Kennedy
U.S. Representative for United Nations
Management and Reform
U.S. Mission to the United Nations
U.S. Department of State

The Honorable Kim R. Holmes
Assistant Secretary
Bureau of International Organization Affairs
U.S. Department of State

Mr. Michael J. Thibault
Deputy Director
Defense Contract Audit Agency
U.S. Department of Defense

Mr. Jeff Ross
Senior Advisor to the Deputy Assistant Secretary
Executive Office for Terrorist Financing &
Financial Crimes
U.S. Department of the Treasury

PANEL TWO

Mr. Claude Hanks-Drielsma
Advisor, Iraq Governing Council
Chairman, Roland Berger, Strategy Consultants

PANEL THREE

Dr. Nimrod Raphaeli
Senior Analyst
The Middle East Media Research Institute

Dr. Nile Gardiner
Fellow in Anglo-American Security Policy
The Heritage Foundation

Ms. Claudia Rosett
Senior Fellow, Foundation for the Defense of
Democracies
Adjunct Fellow, Hudson Institute

Dr. Edward C. Luck
Director
Center on International Organization
School of International and Public Affairs
Columbia University